

FISCAL NOTE

HB 3754 - SB 3787

March 24, 2006

SUMMARY OF BILL: Requires that funding provided through the BEP for textbooks and other instructional materials must be spent only for those purposes.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures – Exceeds \$10,000,000*

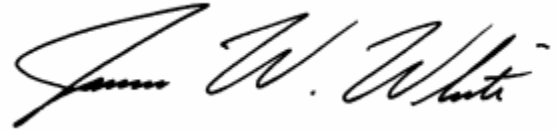
Assumptions:

- Current law requires funds generated for textbooks and instructional materials to be expended in *either* the instructional and/or classroom categories. This bill would eliminate this option and require funds generated for textbooks and instructional materials to be expended only on textbooks and instructional materials.
- Local expenditures could increase if the LEA has already committed these funds for recurring expenditures which are not directed for the purchase of textbooks or instructional materials.
- Currently there is approximately \$67,378,000 generated in the BEP formula for textbooks, of which 75% or \$50,533,500 is state funding, and 25% or \$16,844,500 is local funding.
- There is approximately \$65,479,000 currently generated in the BEP funding formula for instructional materials, of which 75% or \$49,109,250 is state funding and 25% or \$16,369,750 is local funding.
- During the FY2004-05 school year, approximately \$52,285,000 was expended by LEAs for textbooks and approximately \$81,352,000 was expended by LEAs for instructional materials. In both instances, LEAs expended more for these two items than was generated in state funds. However, if the required local match must be spent for textbooks, LEAs could potentially be required to raise an additional \$15,093,000 to replace these funds if the funds are committed to other recurring expenditures. Textbooks are cyclical in nature and the costs are higher in some school years than others.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director